

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 IGA-02 CIAE-00 DODE-00 PM-05  
H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01  
SP-02 SS-15 USIA-06 EB-08 COME-00 TRSE-00 AGRE-00  
OMB-01 /073 W  
-----025795 010621Z /21  
R 010416Z AUG 77  
FM AMEMBASSY NEW DELHI  
TO SECSTATE WASHDC 5074

C O N F I D E N T I A L NEW DELHI 10754

EO 11652: GDS  
TAGS: EAID, IN  
SUBJ: BILATERAL AID TO INDIA

1. JULY 29 ECON COUNSELOR AND ACTING AAO HAD FIRST  
TALK ON BILATERAL AID WITH S.V.S. JUNEJA, JOINT  
SECRETARY, MOF.

2. GENERAL GUIDELINES AND POSSIBLE PROJECTS WERE  
REVIEWED AND COPY OF EMBASSY TALKING POINTS WERE  
LEFT WITH JUNEJA (COPY FOR NEA/INS AND AID BEING POUCHED).

3. AS EXPECTED JUNEJA WISHED TO DISCUSS POSSIBLE  
FERTILIZER LOAN FOR FY78 PROGRAM. HE MENTIONED BOTH  
THE MARGINAL FARMERS ASSOCIATION AND SAMLL FARMERS  
DEVELOPMENT ASSOCIATION AS TWO POSSIBLE AGENCIES THROUGH  
WHICH FERTILIZER PROJECT COULD BE PROCESSED. THEY  
WOULD BE ABLE TO HANDLE EITHER DIRECT COMMODITY  
FINANCING OR LOAN TO FINANCE CREDIT FOR FARMES PUR-  
CHASE OF FERTILIZER.

4. JUNEJA THEN BROUGHT UP AN IDEA OF HIS OW, WHICH  
HE HAD NOT YETDISCUSSED WITH PERTINENT OFFICIALS IN  
GOI, FOR USING THE INDIAN FARMERS FERTILIZER  
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COOPERATIVE ORGANIZATION AS GOI INSTITUTION TO HANDLE  
FERTILIZER PROJCT. IFFCO WOULD BE CONDUIT TO IMPORT  
AND DISTRIBUTE FERTILIZER THROUGH ITS COOPERATIVE  
SYSTEM.

5. US SIDE THEN RAISED OTHER PROEECT POSSIBILITIES:  
FOOD STORAGE AND RURAL ELECTRIFICATION. BOTH WERE

OF INTEREST TO JUNEJA. HE SAID WORLD BANK FOOD STORAGE PROJECT WAS POSSIBILITY IF SOME COMPONENT COULD BE FOUND SUITABLE FOR US PROGRAM. HE MENTIONED THAT CANADIANS HAD ALREADY HELD A MEETING WITH HIM ON POSSIBILITY CANADIAN AID BEING USED IN THIS WAY. HE PROMISED TO GATHER MORE DETAILED INFORMATION FOR THE NEXT MEETING.

6. HE ALSO PROMISED TO LOOK INTO RURAL ELECTRIFICATION, COMMENTING THAT SCOPE IN THIS AREA WAS ENDLESS FOR AN AID PROJECT. WE ARE NOT SURE HE WAS AWARE OF EXTENT OF IDA COMMITMENT IN THIS AREA.

7. US SIDE THEN SUGGESTED FY78 AND FY79 POSSIBLE PROJECTS COULD BE EXPLORED SIMULTANEOUSLY TO PERMIT INCLUSION OF AGREED PROGRAM IN FY79 CONGRESSIONAL PRESENTATION. JUNEJA AGREED AND MENTIONED THE AGRICULTURAL REFINANCE AND DEVELOPMENT CORPORATION, WHICH HAD CONSIDERABLE NUMBER OF PROJECTS "ON THE SHELF", MANY OF WHICH HE FELT WOULD FIT INTO SOME OF THE SUGGESTIONS MADE IN TALKING POINTS. HE EXPECTED TO BE READY TO DISCUSS US IDEAS AND OFFER SOME OF THEIR OWN IN ABOUT TWO WEEKS.

8. COMMENT: THERE WAS GENERAL AGREEMENT THAT THE FY78 PROGRAM WOULD BE ONLY ONE OR TWO PROJECTS, CONFIDENTIAL

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SIMPLE TO NEGOTIATE AND ADMINISTER. JUNEJA WOULD EXPLORE POSSIBILITY OF MAKING FY78 PROGRAM EASY TO BLEND INTO FY79 PROGRAM. HE AGREED WITH OUR PRIORITY FOR FOCUSING ON AGRICULTURE/RURAL DEVELOPMENT, AND UNDERSTOOD THE NECESSITY TO FORMULATE PROJECTS WHICH COULD CLEARLY BE SHOWN TO BENEFIT THE POOR. FINALLY, HE SHARED OUR WISH THAT INDIA MAKE THE MAXIMUM INPUT INTO THE FORMULATION AND ADMINISTERING OF PROJECTS AGREED ON BY THE TWO GOVERNMENTS.

9. IN THIS FIRST, ADMITTEDLY VERY GENERAL MEETING, THERE WAS BROAD AGREEMENT ON OBJECTIVES AND PRIORITIES. IF, AS JUNEJA INDICATED, INDIA HAS AMPLE PROJECT PROPOSALS ALREADY PREPARED WHICH FIT INTO OUR OWN PRIORITIES, THEN AGREEMENT ON SPECIFICS MIGHT BE REACHED RATHER QUICKLY. WHILE WE AWAIT THE GOI RESPONSE, WE HOPE A VERY CRITICAL ASSUMPTION UNDERLYING ALL THE SUGGESTED PROJECTS BOTH SIDES ARE EXPLORING, CAN BE CLARIFIED, I.E., THAT LOCAL COST FINANCING IS CLEARLY POSSIBLE IN FINANCING AID PROGRAMS IN INDIA.

10. JUNEJA WAS INFORMED OF CONTENTS OF STATE  
174672. HE SAID GOI WAS RESONDING TO QUESTION IN  
RAJYA SABHA THAT USG HAD INFORMED GOI OF OUR WILLING-  
NESS TO DISCUSS A BILATERAL AID PROGRAM AND THAT GOI  
HAD IT UNDER CONSIDERATION.  
GOHEEN

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## Message Attributes

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**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
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**To:** STATE  
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